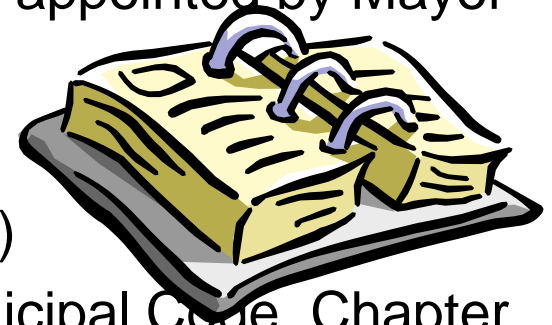




City of Cincinnati Retirement System

Cincinnati Retirement System

- Established in 1931, first Ohio pension plan for general city employees – older than Social Security and OPERS
- Only municipal (non-statewide) retirement system in Ohio
- 11 member board - 4 members elected by active members, 1 member elected by retirees, 6 members appointed by Mayor
- Approx 3,000 active worker participants
- 5,000 retirees, disability retirees, and survivors
- \$2.0 billion in pension fund assets (12/31/2009)
- Retirement plan is governed by Cincinnati Municipal Code, Chapter 203
- City Council has authority to change Municipal Code



Pension Plan Facts

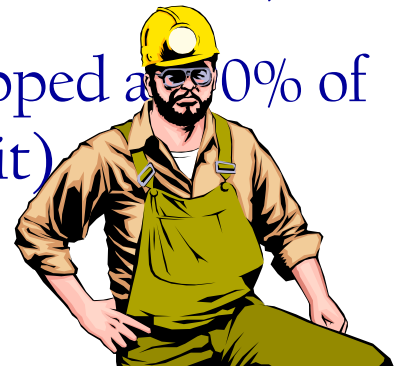
- Pension contributions are pre-tax for Federal and State taxes – City income tax is applied against gross earnings
- Employee contribution rate is currently 7.5% of pensionable earnings – will increase .5% each year until 2013 at 9.0%
- Only employee contributions accrue to the member's account balance – employer contributions are not owned by the member.
- Withdrawal of contributions eliminates service credit and eligibility for pension
- Pension benefits become taxable for Federal and State purposes once paid to the member (exempt from City of Cincinnati income tax), either through monthly pension or refund.

Lets talk about your benefits...



Retirement

- Monthly pension benefit paid for the duration of your life and your designated Optionee only (unless Whole Life option is selected)
- Members become vested at 5 years service credit
- Current provisions: you are paid a monthly pension at Age 60 with a minimum of 5 years service credit OR at any age with a minimum of 30 years service credit.
- Election of Retirement option is irrevocable after the effective date of retirement (always the 1st of a month)
- Monthly pension benefits are currently capped at 100% of Final Average Salary (36 years service credit)



Service Credit Purchase/Transfer

- Prior Ohio public service credit can be purchased – counts toward retirement eligibility but NOT for healthcare eligibility – CRS Service Credit standard is applied
- Federal & Out of State service credit can be purchased – cost determined by CRS actuary & \$250 application fee
- Any prior public service before 7/1/1991 must be full time contributing service in order to be purchased – seasonal and part time service prior to that date is not eligible.
- Military service prior to CRS membership – maximum of 3 years, based on initial City salary.
- Service credit purchases/transfer MUST be completed before separation from service.

Furlough Days catch-up

- #191-2010 that allows those employees affected by the implementation of Holiday Pay Savings (HPS) to make additional pension contributions to their Cincinnati Retirement System accounts to effectively restore their lost earnings for purposes of calculating their Final Average Salary (Average Highest Compensation)
- Payroll deduction option will begin in August 2010.
- Members can elect to have additional contributions paid from their lump sum payout at termination.

Differences Between 2.22% and 2.5%

	<u>2.22% Formula</u>	<u>2.5% Formula</u>
Pension Formula	Lower formula: <u>2.22%</u>	Higher formula: <u>2.50%</u>
Salary Definition	<u>Includes</u> overtime, lump sum vacation, sick leave and compensatory balances	<u>Does not include</u> overtime, lump sum vacation, sick leave and compensatory balances
Your 7% of Salary Contribution	You <u>must pay 7%</u> contribution on salary including overtime, lump sum vacation, sick leave and comp time balances	You <u>do NOT pay 7%</u> contribution on overtime, lump sum vacation, sick leave and comp time balances

How Benefits are Calculated

- Service credit total X Formula Factor (2.5 or 2.22) X Final Average Salary
- 1 year of full time paid employment = 1.0 service credit (2080 hours paid) – service credit is earned per paid hour
- Final Average Salary is a monthly average of the member's highest 36 consecutive months of earnings.
- Highest 36 months are not necessarily your last 36 months of employment – they could occur anywhere during your employment.
- For members under the 2.22 plan, lump sum payouts at termination are included in the Final Average Salary calculations.

Sample Pension Benefit Calculation

<u>Formula Multiplier</u>	<u>Years of Service X</u>	<u>Avg. Compensation*</u> =	<u>Annual Pension</u>
2.5%	30 YEARS=75%**	\$38,000	\$28,500.00
2.5%	32 YEARS = 80%**	\$38,000	\$30,400.00
2.22%	30 YEARS = 66.6%**	\$42,000	\$27,972.00
2.22%	35 YEARS= 77.7%**	\$42,000	\$32,634.00

**Average compensation is based on your average annual salary during your highest 36 consecutive months of salary while working for the City. Lump sum payout amounts are included for members under the 2.22 Plan.*

***Maximum percentage is 90% (Cincinnati Municipal Code)*

Calculate Your Own Pension

You can estimate your monthly pension benefits by visiting the City of Cincinnati Website at:

<http://www.cincinnati-oh.gov/cityfinance/pages/-7449-/>

This calculator provides a monthly pension benefit estimate for Regular retirement only. It cannot be used for Disability retirements OR Early Retirement.

Pension Benefit Options

Regular (Whole Life) Option – A monthly pension benefit is paid to you during your lifetime only - no further payments are made to any Optionee.

Option 1 - 100% Joint and Survivor Payment: If retiree dies first, the Optionee will receive the same reduced benefit for the remainder of his or her lifetime. There is no change to the retiree's monthly pension benefit if the Optionee dies first.

Option 2 - 50% Joint And Survivor Payment: If the retiree dies first, the Optionee will receive $\frac{1}{2}$ (50%) of the retiree's monthly pension benefit for the remainder of his or her lifetime. There is no change to the retiree's monthly pension benefit if the Optionee dies first.

Option 3 - 66 $\frac{2}{3}$ % Joint and Survivor Payment. The monthly pension benefit amount will be reduced by $\frac{1}{3}$ (33.3%) upon the death of **EITHER** the retiree **OR** the Optionee. The retiree's monthly pension benefit will change if the Optionee dies first.

Option 4 - 80% Joint And Survivor Payment. The monthly pension benefit amount will be reduced by $\frac{1}{5}$ (20 %) upon the death of **EITHER** the retiree **OR** the Optionee. The retiree's monthly pension benefit will change if the Optionee dies first.

Optionees & Beneficiaries

- You can only designate certain individuals as beneficiaries for your CRS account: your spouse, your children, your parents, your siblings, your grandparents, your uncle, aunt, cousin, your Estate or a Trust that you set up.
- Beneficiaries are NOT the same as Optionees – beneficiaries receive the CRS burial benefit once you are deceased – they do not receive an ongoing pension benefit.
- Optionees are designated by the Retiree to receive an ongoing monthly pension benefit under 1 of 4 options upon the death of the Retiree.
- If married, member's spouse must be designated as Optionee unless Spousal Waiver is signed (IRS regulation).

20 Year Option

CRS members who die in service, who are eligible to retire (30 years service age 60) at time of death, OR who have 20 years or more service credit at the time of death, AND whose surviving spouse is designated as sole primary beneficiary (either on the Beneficiary form on file OR on a signed Option 1 election form), the surviving spouse is entitled to elect EITHER:

- *standard survivor benefits (described in CMC 203.45 and CMC 203.49) beginning when the surviving spouse is eligible (age 50 for a deceased member with more than 15 years service/age 62 if deceased member had less than 15 yrs svc.) OR*
- *to receive a monthly pension benefit available under Option 1 beginning at the earlier of the deceased member's 60th birthday OR when the deceased member would have achieved 30 years service.*

Please ensure that your beneficiary form on file with the Retirement Office is current and correct. If someone other than the member's spouse is designated as sole primary beneficiary on the CRS Beneficiary Form, these provisions will not apply.

Deferred & Early Retirement

Early Retirement – Reduced monthly pension at age 55 with at least 25 years of service

Reduction amounts:

Age 55 38% reduction from base benefit

Age 56 32% reduction

Age 57 25% reduction

Age 58 18% reduction

Age 59 10% reduction

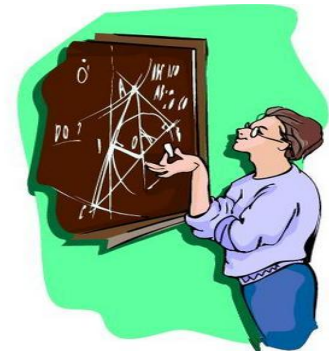
- Deferred Retirement – separation from employment before retirement eligibility – pension contributions kept on deposit with CRS – monthly pension payable 1st month following member's 60th birthday.

Social Security

- Public employees in Ohio do NOT pay into Social Security (Medicare taxes only)
- If you do qualify for Social Security benefits through a previous job, those benefits may be reduced because you receive a public pension (*Windfall Elimination Provision*)
- If your spouse qualifies for a Social Security benefit, your survivor benefits (continuation if your spouse pre-deceases you) will be eliminated because you receive a public pension (*Government Pension Offset provision*)

Health Coverage

- Healthcare coverage is not a vested benefit for Retirees – always subject to change
- Healthcare benefits provided for member's Spouse and/or eligible dependents* (married & born/adopted prior to retirement date) in accordance with Dependent Eligibility Ordinance #175-2010.
- Retirees who retire after 9/1/2007 are currently on the same healthcare plan as active City employees (80/20 Plan) with monthly premiums.



Dependent Eligibility - Healthcare

- Ordinance #175-2010 becomes effective January 1, 2011 – limits eligibility for CRS healthcare coverage to a retiree's spouse and children (natural or adopted) at the date of retirement
- Healthcare coverage for spouses and children (born or adopted) after the date of retirement may be purchased by the Retiree

Medicare

- CRS retirees and spouses 65 years of age and older are required to be enrolled in Medicare Part B
- Medicare B becomes primary coverage for CRS retirees and their spouses
- Medicare premiums are billed to the retiree & spouse quarterly – CRS provides reimbursement monthly (*up to a maximum of \$110.50 per person*)
- CRS retirees are not advised to obtain Medicare D coverage (*prescription drug coverage*)

Frequently Asked Questions

- Can I change my Beneficiary?
- Can I change my Optionee?
- What if I divorce after retirement?

